

**EL CENTRO DE LA RAZA AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**



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(WITH COMPARATIVE TOTALS FOR 2019)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
El Centro de la Raza and Affiliates  
Seattle, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of El Centro de la Raza and Affiliates (a Washington nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of El Centro de la Raza and Affiliates as of December 31, 2020, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited El Centro de la Raza and Affiliates' 2019 consolidated financial statements, and our report dated August 27, 2020, expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Other Matters**

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information presented in the consolidating statements of financial position and activities is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of El Centro de la Raza and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of El Centro de la Raza and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Centro de la Raza and Affiliates' internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
June 30, 2021

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,533,618	\$ 1,609,759
Grants and Contracts Receivable	2,139,318	1,129,701
Other Receivables	181,186	204,995
Tenant Security Deposits	22,533	22,518
Tenant Receivables	15,066	701
Prepaid Expenses	20,736	29,546
Total Current Assets	4,912,457	2,997,220
<b>PROPERTY AND EQUIPMENT</b>		
Land and Improvements	1,223,094	1,223,094
Buildings and Improvements	19,688,458	19,551,994
Furniture and Equipment	844,517	868,316
Accumulated Depreciation	(7,562,894)	(6,878,167)
Total Property and Equipment	14,193,175	14,765,237
<b>OTHER ASSETS</b>		
Reserves and Restricted Deposits	3,839,133	3,059,818
Contributions Receivable, Long-Term	2,000	3,339
Accrued Interest Receivable - Related Party	1,122,860	951,979
Notes Receivable - Related Party, Long-Term	3,441,411	3,441,411
Investment in Limited Liability Companies	499,475	499,578
Artwork	413,611	413,611
Unemployment Trust Fund	177,254	157,038
Total Other Assets	9,495,744	8,526,774
Total Assets	\$ 28,601,376	\$ 26,289,231

See accompanying Notes to Consolidated Financial Statements.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 379,427	\$ 202,872
Accrued Liabilities	683,222	689,667
Accrued Interest Payable	29,024	10,445
Tenant Deposits	33,976	31,368
Deferred Rent	17,747	33,607
Notes Payable, Current	122,567	124,396
Deferred Tuition Revenue	52,500	26,763
Total Current Liabilities	1,318,463	1,119,118
<b>LONG-TERM LIABILITIES</b>		
Notes Payable Less: Unamortized Debt Issuance Costs	4,701,594	3,422,316
Deferred Rental Income	2,285,833	2,393,333
Deferred Loans	1,942,029	1,942,029
Deferred Interest	146,479	136,373
Total Long-Term Liabilities	9,075,935	7,894,051
Total Liabilities	10,394,398	9,013,169
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	14,180,728	13,941,019
Board-Designated	3,517,377	2,773,051
Total Without Donor Restrictions	17,698,105	16,714,070
With Donor Restrictions	508,873	561,992
Total Net Assets	18,206,978	17,276,062
Total Liabilities and Net Assets	\$ 28,601,376	\$ 26,289,231

See accompanying Notes to Consolidated Financial Statements.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
<b>REVENUES AND GAINS</b>				
In-Kind Donations	\$ 452,534	\$ -	\$ 452,534	\$ 661,244
Contributions and Grants	2,187,951	1,541,291	3,729,242	1,205,645
Contracts and Grants - Government	5,800,082	-	5,800,082	5,569,836
United Way	479,732	-	479,732	457,463
Child Care Tuition	2,356,624	-	2,356,624	3,003,434
Rental Income	497,434	-	497,434	749,861
Realized Gain (Loss) on Investments	14,429	-	14,429	17,357
Special Event Revenue of \$250,558, Net of Expense of \$59,605	190,953	-	190,953	180,367
Tenant Charges	11,410	-	11,410	5,680
Interest Income	201,500	-	201,500	203,702
Management Fees	11,636	-	11,636	14,910
Forgiven Debt	624	-	624	624
Other Revenue	530,136	-	530,136	229,754
Net Assets Released from Restriction	1,594,410	(1,594,410)	-	-
Total Revenues and Gains	<u>14,329,455</u>	<u>(53,119)</u>	<u>14,276,336</u>	<u>12,299,877</u>
<b>EXPENSES</b>				
Program Services:				
Child Development Center	4,139,538	-	4,139,538	3,847,551
Food Bank, Referral, Advocacy, and Counseling	2,566,529	-	2,566,529	2,146,944
Home Ownership Education	663,462	-	663,462	337,221
Home Visits	982,347	-	982,347	951,896
Other Projects	1,935,366	-	1,935,366	170,639
Roberto Maestas Plaza	30,814	-	30,814	165,875
ECR Housing	54,811	-	54,811	74,774
NBHHIA Housing	185,848	-	185,848	215,733
Supporting Services:				
Management and General	1,558,567	-	1,558,567	1,292,448
Fundraising	566,753	-	566,753	487,049
Rental of Excess Capacity	291,159	-	291,159	216,143
ECDLR Community Development LLC	370,226	-	370,226	536,895
Total Expenses	<u>13,345,420</u>	<u>-</u>	<u>13,345,420</u>	<u>10,443,168</u>
<b>CHANGE IN NET ASSETS</b>	984,035	(53,119)	930,916	1,856,709
Net Assets - Beginning of Year	<u>16,714,070</u>	<u>561,992</u>	<u>17,276,062</u>	<u>15,419,353</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 17,698,105</u>	<u>\$ 508,873</u>	<u>\$ 18,206,978</u>	<u>\$ 17,276,062</u>

See accompanying Notes to Consolidated Financial Statements.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	Program Services								
	Child Development Center	Food Bank, Referral, Advocacy and Counseling	Home Ownership Education	Home Visits	Other Projects	Roberto Maestas Plaza	ECR Housing	NBHHIA Housing	Total Program Services
Salaries	\$ 2,717,395	\$ 1,114,010	\$ 372,990	\$ 666,222	\$ 210,660	\$ 26,076	\$ 10,964	\$ 23,489	\$ 5,141,806
Payroll Taxes	237,108	112,853	38,335	66,000	19,330	1,747	1,589	4,038	481,000
Benefits	481,894	172,285	27,946	105,001	21,234	2,858	451	2,846	814,515
Subtotal	3,436,397	1,399,148	439,271	837,223	251,224	30,681	13,004	30,373	6,437,321
Specific Assistance to Individuals	260	321,970	13,676	14,700	1,454,107	-	-	-	1,804,713
Special Events	-	-	-	-	-	-	-	-	-
Donated Food	-	391,113	-	-	-	-	-	-	391,113
Professional Fees and Temp. Help	342	120,320	89,557	3,689	14,695	-	2,100	630	231,333
Supplies	267,252	99,774	458	75,770	63,019	-	96	1,210	507,579
Telephone and Postage	7,691	27,624	15,045	17,501	(71)	128	2	1,920	69,840
Occupancy	113,689	29,252	13,654	165	18,180	-	-	47,663	222,603
Occupancy - Rentals	-	-	-	-	-	-	19,023	-	19,023
Equipment Rental and Maintenance	29,006	20,152	8,377	8,154	8,740	-	1,539	-	75,968
Printing, Artwork, and Publications	-	-	-	-	139	-	-	-	139
Travel and Mileage Reimbursement	797	3,896	212	11,017	127	-	21	-	16,070
Training and Development	445	2,849	-	3,178	75	-	-	-	6,547
Interest	-	-	-	-	-	-	-	12,235	12,235
Taxes and Insurance	9,946	8,641	761	-	11,018	-	9,028	5,483	44,877
Vehicle Expense	6,627	273	17	-	134	-	-	-	7,051
Fees and Licenses	98,517	12,131	30,635	5,550	18,219	5	-	-	165,057
Advertising	3,529	22,522	2,500	-	22,036	-	-	-	50,587
Other	22,007	13,927	10,202	5,400	13,485	-	1,733	3,326	70,080
Total Expenses Before Depreciation and Amortization	3,996,505	2,473,592	624,365	982,347	1,875,127	30,814	46,546	102,840	10,132,136
Depreciation	143,033	92,937	39,097	-	60,239	-	8,265	83,008	426,579
Total Expenses	<u>\$ 4,139,538</u>	<u>\$ 2,566,529</u>	<u>\$ 663,462</u>	<u>\$ 982,347</u>	<u>\$ 1,935,366</u>	<u>\$ 30,814</u>	<u>\$ 54,811</u>	<u>\$ 185,848</u>	<u>\$ 10,558,715</u>

See accompanying Notes to Consolidated Financial Statements.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	Support Services			Total Support Services	Total 2020	Total 2019
	Management and General	Fundraising	Rental of Excess Capacity			
Salaries	\$ 736,474	\$ 327,329	\$ 77,182	\$ 1,140,985	\$ 6,282,791	\$ 5,568,985
Payroll Taxes	101,959	30,102	9,325	141,386	622,386	544,480
Benefits	82,610	52,116	9,656	144,382	958,897	814,281
Subtotal	921,043	409,547	96,163	1,426,753	7,864,074	6,927,746
Specific Assistance to Individuals	2,323	229	45	2,597	1,807,310	87,996
Venue and Catering	-	59,605	-	59,605	59,605	178,370
Donated Food	-	-	-	-	391,113	606,716
Professional Fees and Temp. Help	166,716	30,309	22	197,047	428,380	223,204
Supplies	63,729	66,773	7,102	137,604	645,183	637,110
Telephone and Postage	15,034	8,147	1,345	24,526	94,366	52,778
Occupancy	8,314	6,295	32,646	47,255	269,858	246,507
Occupancy - Rentals	-	-	-	-	19,023	14,816
Equipment Rental and Maintenance	11,924	4,926	5,180	22,030	97,998	74,093
Printing, Artwork, and Publications	851	2,604	-	3,455	3,594	11,237
Travel and Mileage Reimbursement	1,714	1,814	270	3,798	19,868	57,579
Training and Development	1,773	556	-	2,329	8,876	51,157
Interest	19,318	-	-	19,318	31,553	13,969
Taxes and Insurance	92,290	445	2,490	95,225	140,102	140,879
Vehicle Expense	40	10	55	105	7,156	11,508
Fees and Licenses	118,435	5,834	137	124,406	289,463	262,399
Advertising	7,193	3,217	-	10,410	60,997	27,991
Other	91,638	3,171	17,737	112,546	182,626	38,241
Total Expenses Before Depreciation and Amortization	1,522,335	603,482	163,192	2,289,009	12,421,145	9,664,296
Depreciation	36,232	22,876	127,967	187,075	613,654	420,347
Total Expenses	1,558,567	626,358	291,159	2,476,084	13,034,799	10,084,643
Less: Expenses Included with Revenue on the Statement of Activities	-	(59,605)	-	(59,605)	(59,605)	(178,370)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,558,567</u>	<u>\$ 566,753</u>	<u>\$ 291,159</u>	<u>\$ 2,416,479</u>	<u>\$ 12,975,194</u>	<u>\$ 9,906,273</u>

See accompanying Notes to Consolidated Financial Statements.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities:		
Increase in Net Assets	\$ 930,916	\$ 1,856,709
Depreciation	696,199	623,585
Loss on Asset Disposal	21,743	-
Unrealized Loss (Gain) on Investment in LLC	103	104
Amortization of Loan Fees	1,680	-
Capital Grants	-	-
Forgiven Debt	(623)	(592)
(Increase) Decrease in Operating Assets:		
Grants and Contracts Receivable	(1,009,617)	(227,214)
Prepaid Expenses	(11,406)	2,054
Contributions Receivable	1,339	27,171
Tenant Receivables	(14,365)	(500)
Other Receivables	(147,072)	(163,516)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	176,555	13,425
Accrued Interest Payable	29,308	14,945
Accrued Liabilities	(6,445)	208,207
Tenant Deposits, Net	2,608	1,795
Deferred Revenue	(97,623)	(87,650)
Net Cash Provided by Operating Activities	573,300	2,268,523
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(145,880)	(1,948,464)
Purchase of Artwork	-	(18,246)
Net Deposits to Other Noncurrent Assets	-	(12,697)
Notes Receivable - Related Party	-	27,000
Net Cash Used by Investing Activities	(145,880)	(1,952,407)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Notes Payable	1,303,069	-
Principal Payments on Notes Payable	(27,300)	(22,044)
Net Cash Provided (Used) by Financing Activities	1,275,769	(22,044)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,703,189	294,072
Cash and Cash Equivalents - Beginning of Year	4,692,095	4,398,023
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 6,395,284	\$ 4,692,095

See accompanying Notes to Consolidated Financial Statements.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	\$ 124,396	\$ 126,109
Noncash Investing and Financing Transactions:		
Forgiven Debt	\$ 623	\$ 592
 <b>RECONCILIATION OF CASH AND RESTRICTED CASH - PER THE CASH FLOW STATEMENT TO CASH PER THE BALANCE SHEET</b>		
Cash	\$ 2,533,618	\$ 1,609,759
Tenant Security Deposits	22,533	22,518
Reserves	3,839,133	3,059,818
Total	\$ 6,395,284	\$ 4,692,095

*See accompanying Notes to Consolidated Financial Statements.*

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 1 NATURE OF THE ORGANIZATION**

El Centro de la Raza (El Centro) is a community-based nonprofit organization founded on October 11, 1972. El Centro is the voice and hub of the Latino community for services and advocacy and provides strong child and youth programs and comprehensive services that build self-sufficiency. El Centro helps children, youth, adults and families gain the skills and access the resources to lead fulfilled lives and achieve a greater degree of economic self-sufficiency. This is accomplished through the provision of a unique blend of services and advocacy that together result in stronger, more effective programs.

El Centro operates programs in four areas:

Child and Youth Services

Investing in our children and their future, El Centro provides an array of bilingual, multicultural child and youth services to the local community. Through these services:

- Infants and young children meet development milestones.
- Young children are prepared to enter kindergarten.
- Students develop and strengthen skills and/or habits that support academic success.
- Educationally at-risk students make academic progress.
- Children and youth acquire dual language and multicultural skills.
- Elementary and middle school aged youth receive academic and cultural enrichment during the summer months.
- Youth acquire job readiness skills, gain employment, and retain jobs.
- Youth acquire technology skills.
- Youth build leadership skills.
- Youth are encouraged and better prepared to pursue and/or enroll in post-secondary education.
- Parents and guardians participate in children's learning and emotional development.
- At-risk expecting mothers receive culturally competent pre, post, and perinatal services to increase healthy birth outcomes.
- Mothers participate in an empowerment support group.
- Community partnerships promote children's comprehensive developmental success.

Human Services

Seeking to address immediate aspects of human suffering such as hunger, healthcare, and homelessness, our Frances Martinez Community Service Center provides diverse, bilingual human services. Through these services:

- People meet their basic food needs.
- People transitioning out of homelessness secure permanent housing.
- People acquire permanent affordable housing.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)**

Human Services (Continued)

- Individuals and families in crisis receive immediate information, referral and services to meet their needs.
- Older adults maintain the highest possible quality of life.
- Families and individuals are able to access basic health insurance plans.
- Income-eligible participants access affordable transit rates.
- Veterans increase access and awareness of human services, housing, and health resources.
- People receive access to legal services.
- People receive access to tax preparation services.
- Communities of Color decrease tobacco use and promote healthier lifestyles.

Education and Skill Building Programs

El Centro seeks to promote self-sufficiency and empowerment through bilingual education and skill-building initiatives. Through these services:

- People reduce debt, improve credit, increase savings, and utilize equitable banking services.
- Low and moderate-income families are able to purchase homes.
- Homeowners are able to avoid foreclosure.
- Homeowners successfully refinance their homes.
- Families and individuals improve financial literacy.
- Entrepreneurs gain access to support, information, and capital to start or grow a small business.
- People acquire and improve English language and literacy skills.
- Community participants engage in civic involvement through activities such as voter participation, education, and advocacy.

Community Building and Development

El Centro believes that only through civic involvement, grassroots organizing, and political and social activism will our community be able to effectively address the profound contradictions facing our world. We unite communities of all races, genders, ages, and classes to fight for civil and human rights both locally and globally.

On March 1, 2015, PRM Manager LLC, which is solely owned by El Centro, was admitted as the managing member of Plaza Roberto Maestas LLC (PRM), a Washington limited liability company, with a 0.01% interest. On April 9, 2015, US Bancorp Community Development Corporation was admitted as the investor member.

On January 28, 2015, El Centro became the sole member of ECDLR Community Development LLC, a Washington limited liability company. ECDLR Community Development LLC was formed to own a community center, retail and office space, a plaza, and a childcare facility.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)**

ECR is a nonprofit corporation of which El Centro is the controlling entity. ECR owns and manages two single-family residences for low-income tenants and a mixed-use building with commercial and residential space. On May 1, 2014, ECR became a 21% member of HP MM LLC, a Washington limited liability company. HP MM LLC is the managing member of Hirabayashi Place LLC, a Washington limited liability company formed to develop, own, and operate 95 units of residential housing for low-income households and commercial space that will be leased to El Centro for a child care facility.

ECR was formed to raise the economic, educational, and social levels of the Chicano/Latino and low-income communities of South Seattle, King County, and the state of Washington. ECR fosters and promotes community-wide interest and concern for the problems that exist within these communities, with the goal of expanding educational and economic opportunities; lessening sickness, poverty, crime, and environmental degradation; and the elimination of racial tensions, prejudice, and discrimination. ECR was organized and is operated exclusively for the benefit of and to carry out the purposes of El Centro.

El Centro is the controlling entity of the North Beacon Hill Housing Initiative Association (NBHHIA). NBHHIA is a Washington nonprofit corporation whose objective is to provide assistance to low-income persons by developing, operating, and maintaining housing units in the Beacon Hill area of Seattle, Washington.

NBHHIA owns El Patio Apartments, a 14-unit low-income housing complex whose primary apartment sizes vary from one to four bedrooms. The building also contains a private on-site parking garage, individual storage units, two laundry rooms, and a community room that is available for the tenants' convenience.

El Patio Apartments is operated under the oversight of El Centro and provides housing affordable to households having incomes not more than 50% of the median income level of households in the state of Washington.

PRM provides affordable housing to families that have overcome adversities such as homelessness, difficulties with steady employment, and language barriers. A vast majority of the population served are Latino families. Renters also enjoy the convenience of having El Centro de la Raza's main building two blocks from the complex. This provides great accessibility to all of the social and community services that El Centro de la Raza offers to the Latino population.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

These financial statements include the activity of El Centro de la Raza, ECR, North Beacon Hill Housing Initiative Association, ECDLR Community Development LLC, and PRM Manager LLC (together, the Organization). Transactions and accounts between entities have been eliminated in consolidation. The investor member of PRM has substantive participating rights in operations and therefore consolidation is not required. ECR does not have control of HP MM LLC. These investments are accounted for by the equity method whereby the percent interest of the limited liability company is reflected in these financial statements.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Financial Presentation**

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers as cash equivalents all highly liquid investments which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated for investment by the board of directors.

At times, cash deposits, including amounts held in reserves, exceed the federally insured limits of the financial institution and expose the Organization to credit risk. At December 31, 2020, the Organization's deposits were approximately \$4.6 million over the federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management has deemed all amounts to be collectible at December 31, 2020 and 2019.

**Government Contracts and Grants**

A portion of the Organization's revenue is derived from cost reimbursable federal, state, and county grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. There were no refundable advances at December 31, 2020. Amounts remaining under conditional grants from government agencies totaled approximately \$661,599.

Revenue is earned when eligible expenditures or service units, as defined in each grant, are made. Revenue recognized from cost reimbursable federal, state, and country grants totaled \$5,800,082 for the year ended December 31, 2020. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

**Child Care Tuition and Management Fees**

Child care tuition and management fees are recognized ratably over the time period that the service is provided. Advance payments are recorded as deferred revenue until the service is provided.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Rental Income**

Rental income of commercial space and affordable housing units are recognized ratably over the time period that the space is leased. Rent payments received in advance are recorded as deferred revenue until the lease period occurs.

**Restricted and Unrestricted Revenue and Support**

Contributions, including unconditional promises to give, are recognized as revenues in the statements of activities. Revenue is recognized when earned. Payments under government cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets for operating and capital reserves.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital reserves.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, Equipment, and Building Improvements**

Property, equipment, and building improvements purchased by the Organization are stated at cost. Assets costing more than \$1,000 with an estimated useful life of greater than one year are capitalized. Replacements and major repairs are expensed.

Depreciation is provided on the straight-line method over the assets' estimated useful lives as follows:

	<u>Years</u>
Buildings and Improvements	5 to 27.5
Land Improvements	27.5
Furniture and Equipment	5 to 10
Building Improvements (Formerly Leased)	15

**Impairment**

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2020 or 2019.

**Functional Expense Classification and Allocation**

Expenses are classified in the accompanying statements of functional expenses according to whether they relate to program or supporting services. Supporting services include management and general expenses, fundraising expenses, and rental of excess capacity. Rental of excess capacity represents the expense of maintaining space available for rental to others.

Program service expenses are grouped into the following categories:

- Child Development Center
- Food Bank, Referral, Advocacy and Counseling
- Home Ownership Education
- Home Visits
- Other Projects
- Roberto Maestas Plaza
- ECR Housing and
- North Beacon Hill Housing Initiative Association (NBHHIA) Housing.

Payroll related expenses are allocated based on the time worked by the employees. Most expenses are directly assigned based on which program is incurring the expense. The costs of occupying and maintaining the building have been allocated among programs and supporting services on the basis of square footage.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Food, Services, Property, and Equipment**

Donated food, property, and equipment that meet the requirements for recognition in the financial statements are recorded at their fair market value as of the date of the donation, while donated services meeting those requirements are recorded at their estimated values. The estimated fair market value of donated food is calculated using per pound rates obtained from food banks donating the food or USDA value tables for USDA food commodities. The fair market value and estimated values of donated food and services, if any, are reported as both support and expense in the accompanying statements of activities.

**Loan Fees**

Unamortized loan fees are reported on the statement of financial position as a direct deduction from the face of the notes payable (see Note 11) and are amortized over the term of the underlying note using the straight-line method. U.S. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of loan fees is included with interest expense in financial expenses in the statement of activities.

**Income Tax**

El Centro, ECR, and NBHHIA are Washington nonprofit corporations, exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). They qualify for the charitable contribution deduction and have been classified as organizations that are not private foundations under Section 509(a) of the IRC. The Organization's income tax filings are subject to examination by various taxing authorities.

ECDLR Community Development LLC and PRM Manager LLC are disregarded entities for tax purposes.

**Income Tax (Continued)**

The Organization follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification Subtopic 740-10, *Income Taxes*. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with El Centro's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**Change in Accounting Principles**

For the year ended December 31, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization's financial statements reflect the application of ASC 606 guidance beginning in 2019. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue. The Organization's primary revenue streams impacted by Topic 606 is childcare tuition and management fees.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NOTE 3 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure within one year of the balance sheet date without donor or other restrictions limiting their use are as follows:

Cash and Cash Equivalents	\$ 2,533,618
Tenant Receivables	15,066
Current Grants, Contracts, and Other Receivables	2,320,504
Total	<u>\$ 4,869,188</u>

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**NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Organization seeks to maintain enough cash on hand to cover six months of operating expenditures. In addition, the board can re-designate the board-designated net assets described in Note 7 as additional cash flow is required. The Organization also has access to the lines of credit described in Note 8. Of the financial assets listed above, \$208,646 is associated with three properties owned by the Organization. The properties also have lender and/or board-designated replacement and operating reserves that can be made available for capital repairs and operating deficits, as described in Note 6.

**NOTE 4 ARTWORK**

El Centro owns various historical and cultural pieces of artwork which were recorded at cost or their estimated value at the time of acquisition or donation.

**NOTE 5 UNEMPLOYMENT TRUST FUND**

Other assets include the balance of a trust fund maintained for the payment of future unemployment claims owed to terminated employees. Contributions to the trust fund are calculated, and the trust assets are managed, by a third party.

**NOTE 6 RESERVES**

**ECR**

The loan agreements with the City of Seattle require that replacement reserve accounts be maintained by ECR to be used solely for replacement of building components at the Shelton and Ferdinand properties. The replacement reserve accounts must be maintained in separate interest-bearing accounts. ECR must make an annual deposit of \$1,300 for the Shelton Street house and \$850 for the Ferdinand Street house in January of each year until the loans to the City are repaid. In addition, each property is to establish an operating reserve, if operating income permits, by depositing annually into a separate interest bearing account \$148 for the Shelton Street property and \$106 for the Ferdinand property.

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**NOTE 6 RESERVES (CONTINUED)**

Activity in the reserves was as follows:

	Ferdinand	Shelton	Total
Balance - January 1, 2020	\$ 26,707	\$ 15,934	\$ 42,641
Deposits	2,000	2,000	4,000
Interest Earned for 2020	4	2	6
Balance - December 31, 2020	<u>\$ 28,711</u>	<u>\$ 17,936</u>	<u>\$ 46,647</u>
	Ferdinand	Shelton	Total
Balance - January 1, 2019	\$ 19,313	\$ 13,929	\$ 33,242
Deposits	7,387	2,000	9,387
Interest Earned for 2019	7	5	12
Balance - December 31, 2019	<u>\$ 26,707</u>	<u>\$ 15,934</u>	<u>\$ 42,641</u>

**NBHHA**

NBHHA is required to fund a replacement reserve annually with minimum annual deposits of \$6,300 per year, increasing 3.5% each year (\$7,207 in 2020).

	2020	2019
Beginning Balance	\$ 99,287	\$ 89,260
Deposits	10,000	10,000
Interest	14	27
Ending Balance	<u>\$ 109,301</u>	<u>\$ 99,287</u>

NBHHA is required to fund an operating reserve annually with minimum annual deposits of \$2,000 until the balance of \$56,311 is obtained.

	2020	2019
Beginning Balance	\$ 68,353	\$ 58,335
Deposits	10,000	10,000
Interest	10	18
Ending Balance	<u>\$ 78,363</u>	<u>\$ 68,353</u>

**ECDLR Community Development LLC**

ECDLR Community Development LLC reserves consist of an escrow account required by the loan with Washington Community Reinvestment Association. The balance at December 31, 2020 and 2019 was \$51,397 and \$50,465, respectively. In addition, in 2017, the LLC established a replacement reserve account. The balance in the reserve was \$36,048 and \$26,021 at December 31, 2020 and 2019, respectively.

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**NOTE 7 BOARD DESIGNATED NET ASSETS**

The board of directors determined that certain funds will be set aside for long-term purposes. The designated funds, including interest earned, consist of certificates of deposit and savings accounts; they are presented under the other assets caption in the statement of financial position.

Changes in net assets of the board-designated funds consist of the following for the years ended December 31, 2020 and 2019:

	Land Purchase	Operating Reserves	Property Development	Total
Balance - January 1, 2019	\$ 536,517	\$ 1,816,745	\$ 710,523	\$ 3,063,785
Withdrawals	-	-	(294,928)	(294,928)
Deposits and Interest	-	-	4,194	4,194
Balance - December 31, 2019	536,517	1,816,745	419,789	2,773,051
Deposits and Interest	-	744,309	-	744,309
Interest	-	13	4	17
Balance - December 31, 2020	<u>\$ 536,517</u>	<u>\$ 2,561,067</u>	<u>\$ 419,793</u>	<u>\$ 3,517,377</u>

**NOTE 8 LINE OF CREDIT**

The Organization has a line of credit with a bank with a limit of \$250,000. The line of credit bears interest at a variable rate equal to the Wall Street Journal Prime Rate (3.25% at December 31, 2020). A savings account at the bank was pledged as security. The Organization has another line of credit with a limit of \$500,000 and a floating interest rate with a minimum of 5% on an actual/360 simple interest basis. These lines of credit had no balance outstanding at December 31, 2020.

**NOTE 9 CONTRACT ASSETS**

The Organization's contract assets consist of the following:

Accounts Receivable - Tuition	\$ 47,888	\$ 6,704
Accounts Receivable - Rent and Other Earned Income	133,298	198,291
Total Other Receivables	<u>\$ 181,186</u>	<u>\$ 204,995</u>

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**NOTE 10 DONATED SERVICES**

The Organization received donated services for food bank administration, education and cultural exchange programs, senior services programs, and its child development center that do not meet the recognition requirements for presentation in the financial statements. Approximately 7,642 and 13,736 hours were contributed by volunteers during 2020 and 2019, respectively. Such donated services were not recognized in the financial statements since they do not meet the criteria for recognition.

**NOTE 11 NOTES PAYABLE**

Interest has not been imputed on the 1s payable that carry below-market rate interest as they are payable to governmental entities or carry legal restrictions. The restrictions require the Organization to use the property for low-income housing.

The notes payable at December 31 were:

	2020	2019
<u>El Centro</u>		
Note Payable to U.S. Bank via the Payroll Protection Program for \$1,303,069; bears interest at 1%. Interest and principal due in full at maturity in April 2022. Loan principal and interest can be forgiven in 2021 if compliance requirements are met; interest payable was \$18,579 at December 31, 2020.	\$ 1,303,069	\$ -
 <u>NBHHIA</u>		
Note payable to the State of Washington Department of Commerce for \$508,539; annual installments of \$18,228, including interest at 1.5%; payments have been suspended by the lender; matures December 31, 2045; collateralized by deeds of trust on the property.	437,765	437,765

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**NOTE 11 NOTES PAYABLE (CONTINUED)**

	2020	2019
<u>NBHHA (Continued)</u>		
Note payable to the City of Seattle for \$1,233,467; bears interest at 1%; principal and accrued interest due upon maturity at November 2033; collateralized by deeds of trust on the property; interest payable was \$135,878 and \$123,643, respectively.	\$ 1,223,467	\$ 1,223,467
 <u>ECDLR Community Development LLC</u>		
Note payable to Washington Community Reinvestment Association for \$2,000,000; bears interest at 6.5%; payments of principal and accrued interest starting December 1, 2016 until maturity, November 1, 2031; secured by deed of trust on the related real estate.	1,898,848	1,926,148
Total	4,863,149	3,587,380
Less: Unamortized Debt Issuance Costs	(38,988)	(40,668)
Notes Payable Less Unamortized Issuance Costs	\$ 4,824,161	\$ 3,546,712

Aggregate maturities of notes payable, excluding debt issuance costs, for the next five years and thereafter are as follows:

Year Ending December 31,	Amount
2021	\$ 122,567
2022	1,423,686
2023	118,535
2024	116,314
2025	116,314
Thereafter	2,965,733
Total	\$ 4,863,149

**NOTE 12 DEFERRED LOANS – CITY OF SEATTLE**

**ECR**

During 1991, ECR received funding from the City of Seattle through two long-term loans for the purpose of purchasing and renovating residential property to provide low-income housing. The loans bear simple interest at 1% per annum and are secured by deeds of trust on the properties. The loans mature in 40 years and have an option to extend maturity for an additional 35 years. No interest or principal payment is required until maturity. Terms of the loan are such that if ECR remains in compliance with all covenants for the term of the loans, accrued interest will be forgiven beginning in 2012 at the rate of 5% of the total liability each year and all principal and remaining accrued interest will be forgiven on the 75<sup>th</sup> anniversary of the date of the note. Interest forgiven was \$624 and \$592 for 2020 and 2019, respectively.

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**NOTE 12 DEFERRED LOANS – CITY OF SEATTLE (CONTINUED)**

The loan and deferred interest balances at December 31 for ECR were as follows:

	2020		
	Ferdinand	Shelton	Total
Principal Amount of Loan	\$ 29,223	\$ 55,131	\$ 84,354
Deferred Interest	3,683	6,918	10,601
Total	<u>\$ 32,906</u>	<u>\$ 62,049</u>	<u>\$ 94,955</u>

  

	2019		
	Ferdinand	Shelton	Total
Principal Amount of Loan	\$ 29,223	\$ 55,131	\$ 84,354
Deferred Interest	3,900	7,325	11,225
Total	<u>\$ 33,123</u>	<u>\$ 62,456</u>	<u>\$ 95,579</u>

**El Centro**

El Centro owes the City of Seattle for funds received under three interest-free notes payable for the purpose of purchasing and improving the property which it currently occupies. Contingent interest as defined in the loan agreements may apply. If El Centro complies with the terms and conditions of the loans, the loans will be forgiven at maturity.

Loan documents require that at least 51% of persons served at the property must be low to moderate income during the compliance period, which generally ends on the maturity date of the loan. The loans will be forgiven when the City of Seattle approves reconveyance.

The El Centro loans from the City of Seattle were as follows at December 31:

	2020	2019
Note dated July 14, 1999, original amount of \$625,000; matures June 30, 2020; secured by a second deed of trust.	\$ 625,000	\$ 625,000
Note dated June 7, 2005, original amount of \$225,300; matures December 31, 2020; deed of trust securing first note was amended to include this note.	225,300	225,300
Note dated May 5, 2009, original amount of \$285,115; matures September 30, 2024; secured by a deed of trust.	285,115	285,115
Total	<u>\$ 1,135,415</u>	<u>\$ 1,135,415</u>

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**NOTE 12 DEFERRED LOANS – CITY OF SEATTLE (CONTINUED)**

**NBHHIA**

NBHHIA owes the state of Washington Department of Commerce for \$737,000 of funds received under an interest-free note payable for the purpose of improving the property which it currently occupies. Contingent interest as defined in the loan agreements may apply. If NBHHIA complies with the terms and conditions of the loans, the loans will be forgiven at maturity in December 2045. Loan documents require that all persons served at the property must have an income at or below 50% of the median income for the county during the compliance period, which ends on the maturity date of the loan. The loan is recorded net of unamortized loan fees of \$14,740.

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following program purposes:

	2020	2019
Purpose Restricted Only:		
Education	\$ 90,835	\$ 84,044
Health Matters	-	39,904
Financial Empowerment	-	138,087
Emergency Preparedness	189,185	50,000
Digital Inclusion	-	55,000
Other	228,853	111,623
Total Purpose Restricted Only	508,873	478,658
Time Restricted Only	-	83,334
Total	\$ 508,873	\$ 561,992

**NOTE 14 PENSION PLAN**

The Organization has a defined contribution pension plan for all employees with one year or more of service. The Organization contributes 5% of an eligible employee’s salary into either a fixed income account or common stock account as designated by the employee. Employees become fully vested after four years of employment. Total pension expense was \$232,387 and \$165,286 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 15 LEASES**

**Operating Leases**

El Centro has entered into an agreement to lease childcare space for a 15-year period through December 2031. This is a related party lease as the lessor is Hirabayashi Place, LLC. Lease expense incurred under this agreement was \$26,530 and \$26,010 for 2020 and 2019, respectively and is included in occupancy expense.

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**NOTE 15 LEASES (CONTINUED)**

El Centro has also entered into agreements to lease office and other equipment through December 2023. Rental expense incurred under equipment leases was \$54,434 and \$52,947 for 2020 and 2019, respectively, and is included in equipment rental and maintenance expense.

The future minimum lease payments under the operating leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ 50,777
2022	32,805
2023	31,668
2024	28,717
2025	29,291
Thereafter	188,470
Total	<u>\$ 361,728</u>

**Commercial Leases**

El Centro as lessor has entered into leases with various businesses for the use of commercial space. Rental revenue, including amounts charged for one time use of space, was \$139,696 and \$254,387 in 2020 and 2019, respectively. The future minimum lease revenue under the leases is \$110,747 at December 31, 2020.

ECDLR as lessor has entered into leases with various businesses for the use of commercial space. Rental revenue was \$369,093 and \$471,565 in 2020 and 2019, respectively, including the revenue from the long-term leases described below. The future minimum lease payments under the operating leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ 72,526
2022	13,795
Total	<u>\$ 86,321</u>

**Long-Term Leases**

ECDLR as lessor entered into two lease agreements for office space during 2016. One-time payments totaling \$2,750,000 were received during 2016. Rental income recognized during 2020 and 2019 was \$107,500. Deferred revenue at December 31, 2020 and 2019 was \$2,393,333 and \$2,393,333, respectively.

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**NOTE 16 COMMITMENTS AND CONTINGENCIES**

As discussed in Notes 11 and 12, the Organization has agreed to significant restrictions on the use of land and buildings in accordance with financing agreements.

A substantial portion of the public support of the Organization is derived from grants and contracts administered by various federal, state, and local government agencies. Support from these grants and contracts is subject to audit, which could result in reimbursement to the grantor agencies.

**NOTE 17 CONTRIBUTIONS RECEIVABLE**

Contributions receivable consisted of the following at December 31:

	2020	2019
Receivable in Less Than One Year	\$ -	\$ -
Receivable in One to Five Years	2,000	3,339
Discount at 3%	-	-
Total Contributions Receivable	<u>\$ 2,000</u>	<u>\$ 3,339</u>

Management has deemed all amounts to be collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2020 and 2019.

**NOTE 18 NOTES RECEIVABLE – RELATED PARTY**

EI Centro held the following notes receivable at December 31:

2020					
Due From	Dated	Maturity Date	Interest Rate	Face Amount	Balance
Plaza Roberto Maestas LLC	4/9/2015	8/30/2066	5.75%	\$ 2,716,000	\$ 2,635,600
Plaza Roberto Maestas LLC	4/9/2015	8/30/2066	5.75%	1,289,416	805,811
Total					<u>\$ 3,441,411</u>
2019					
Due From	Dated	Maturity Date	Interest Rate	Face Amount	Balance
Plaza Roberto Maestas LLC	4/9/2015	8/30/2066	5.75%	\$ 2,716,000	\$ 2,635,600
Plaza Roberto Maestas LLC	4/9/2015	8/30/2066	5.75%	1,289,416	805,811
Total					<u>\$ 3,441,411</u>

Payments of principal are due on the maturity date of the note. Notes receivable are evaluated individually for impairment and collectability. At December 31, 2020, management considers all notes fully collectible and none are considered impaired. Management uses prior payment history as a credit quality indicator for each note receivable. Each note is current and performing in accordance to its terms. Management considers all notes receivable to have an acceptable credit quality at December 31, 2020. Interest receivable was \$1,122,860 and \$951,979 at December 31, 2020 and 2019, respectively.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
(WITH COMPARATIVE TOTALS FOR 2019)

**NOTE 19 RELATED PARTY TRANSACTIONS**

As of December 31, 2020 and 2019, PRM Manager LLC has made capital contributions of \$500,000 to PRM LLC.

**NOTE 20 INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD**

The Organization is a general partner or managing member with a 0.01% interest in limited liability companies (LLC) which are operating child educational facilities and a multifamily housing property. The investor members of these LLCs have substantive participating rights in operations and therefore consolidation of these entities is not warranted. The Organization accounts for its interests in these limited partnerships and limited liability companies using the equity method. Under the equity method, the investment is initially recorded at cost and is subsequently increased by the Organization's proportional share of net income and decreased by the proportional share of net loss. The total net income or loss from investments in these entities is reported as a single line item on these financial statements.

The Organization's ownership amounts in these investments at December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Revenue Recognized a Point in Time		
Sales included in Other Income	\$ 156,250	\$ 144,614
ECR		
HP MM LLC	-	-
Total Investments in LLCs	<u>\$ 156,250</u>	<u>\$ 144,614</u>

Financial information about these investments as of December 31 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Total Assets	\$ 61,737,872	\$ 63,153,515
Total Liabilities	35,978,688	35,901,999
Operating Revenue	2,341,247	2,264,351
Net Loss before Depreciation and Amortization	(62,448)	(715)

**NOTE 21 RISKS AND UNCERTAINTIES**

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Multiple jurisdictions in the United States have continued to implement emergency measures, and it is anticipated that resulting impacts will continue for some time. Future impacts may include increased costs, changes in funding sources from government agencies, and rent moratoriums imposed by government entities. The future effects of these issues are unknown.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**NOTE 22 SUBSEQUENT EVENTS**

Subsequent to year-end, the Organization applied for forgiveness of the Paycheck Protection Program loan. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. As of the date of this report, the loan forgiveness is pending review by the lender.

The Organization has evaluated subsequent events through June 30, 2021, which is the date the financial statements were available to be issued, and has determined that there are no other subsequent events that require disclosure.

**EL CENTRO DE LA RAZA AND AFFILIATES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Grantor Number	Amounts Awarded to Subrecipients	Expenditures
<b>US Department of Treasury</b>				
State of Washington Department of Social and Health Services				
Coronavirus Relief Fund	21.019	6114830	\$ -	\$ 49,970
Coronavirus Relief Fund	21.019	5765 CDIP	-	6,960
			<u>-</u>	<u>56,930</u>
State of Washington Department of Health				
COVID-19 Emergency Language and Community Outreach Services	21.019	CBO25769	-	27,214
CityShares Food Bank				
Coronavirus Relief Fund	21.019	None	-	30,688
US Department of Commerce Minority Business Development Agency				
Coronavirus Relief Fund	21.019	None	-	12,500
King County				
Coronavirus Relief Fund	21.019	None	-	10,000
City of Federal Way				
Coronavirus Relief Fund	21.019	None	-	522,929
State of Washington				
Coronavirus Relief Fund	21.019	None	-	37,000
Total US Department of Treasury			<u>-</u>	<u>697,261</u>
<b>US Department of Agriculture</b>				
Pass-Through Programs From:				
State of Washington, Office of Superintendent of Public Instruction				
Child and Adult Care Food Program	10.558	None	-	88,392
<b>US Department of Housing and Urban Development</b>				
Direct Programs:				
Section 4 Capacity Building Grants	14.252	None	-	32,093
Local Initiatives Support Corporation	14.252	709	-	18,120
			<u>-</u>	<u>50,213</u>

**EL CENTRO DE LA RAZA AND AFFILIATES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Grantor Number	Amounts Awarded to Subrecipients	Expenditures
US Department of Housing and Urban Development				
Direct Programs (Continued):				
Section 4 Capacity Building Grants	14.267	None	\$ -	\$ 12,639
Local Initiatives Support Corporation	14.267	None	-	42,783
			-	55,422
Pass-Through Programs From:				
City of Seattle Department of Human Services				
Community Development Block Grant/Entitlement Grants				
Community Development Block Grant CARES Act	14.218	DA20-1360	-	50,000
Old Beacon Hill School Acquisition	14.218	DL99-R5479	-	625,000
El Centro New Heating/Boiler System	14.218	DL 04-1569	-	202,771
Electrical Rehabilitation	14.218	DL 08-1528	-	285,115
			-	1,162,886
National Council of La Raza				
Housing Counseling Assistance Program	14.169	None	-	8,910
Total US Department of Housing and Urban Development			-	1,277,431
National Endowment for the Arts				
Pass-Through Programs From:				
Humanities Washington				
Promotion of the Arts Partnership Agreements	45.129	none	-	5,000
Department of Education Office of Student Financial Assistance Programs				
Pass-Through Programs From:				
Seattle University				
Federal Work-Study Program	84.033	FWS-CS 2011	-	12,292

**EL CENTRO DE LA RAZA AND AFFILIATES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor / Pass-Through Grantor Number	Amounts Awarded to Subrecipients	Expenditures
US Department of Health and Human Services Aging Cluster				
US Department of Health and Human Services Pass-Through Programs From:				
City of Seattle, Human Services Department				
Special Programs for the Aging: Title III, Part C - Nutrition Services	93.045	DA 20-1537, Title III-C1	\$ -	\$ 58,737
Nutrition Services Incentive Program	93.053	DA 20-1537, NSIP-AoA	-	15,706
Special Programs for the Aging: Title III, Part C - Nutrition Services	93.044	DA 20-1537, CARES	-	19,000
Total Aging Cluster			-	93,443
Direct Programs:				
Centers for Disease Control and Prevention - Analyses, Research and Studies to Address the Impact of CMS' Programs on American Indian/Alaska Native (AI/AN) Beneficiaries and the Health Care System Serving these Beneficiaries	93.341	1312-06-20	-	42,558
Medicaid Transformation Grants	93.793	None	-	69,380
Pass-Through Programs From:				
Washington State Department of Health PPHF 2018: Office of Smoking and National State Based Tobacco Control Programs Financed in part by 2018 Prevention and Public Health Funds (PPHF)	93.305	CBO22849	-	30,705
Washington Department of Commerce Community Services Block Grant	93.569	F12-32100-011	-	48,533
Total US Department of Health and Human Services			-	284,619
US Department of Homeland Security Passed Through United Way of King County	97.024	889000-021	-	45,000
Total Expenditures of Federal Awards			\$ -	\$ 2,409,994

**EL CENTRO DE LA RAZA AND AFFILIATES  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

**NOTE A BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of El Centro de la Raza and Affiliates (the Organization), under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the Organization provided none of the federal awards to subrecipients.

**NOTE D LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS**

El Centro has signed the following notes payable with funds passed through from the U.S. Department of Housing and Urban Development. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at December 31, 2020, consisted of:

Loan Number	CFDA	Purpose	Maturity Date	Outstanding Balance
DL-99-R5479	14.218	Building Acquisition	6/30/2020	\$ 625,000
DL-04-1509	14.218	Boiler System (Federal Portion)	12/31/2020	202,771
DL-08-1528	14.218	Electrical Rehabilitation	9/30/2024	285,115
Total Loans with Continuing Compliance Requirements				<u>\$ 1,112,886</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
El Centro de la Raza and Affiliates  
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of El Centro de la Raza and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
June 30, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
El Centro de la Raza and Affiliates  
Seattle, Washington

**Report on Compliance for Each Major Federal Program**

We have audited El Centro de la Raza and Affiliates' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
June 30, 2021

**EL CENTRO DE LA RAZA AND AFFILIATES  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ x \_\_\_\_\_ no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_ x \_\_\_\_\_ no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
14.218	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ x \_\_\_\_\_ yes \_\_\_\_\_ no

**EL CENTRO DE LA RAZA AND AFFILIATES  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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**Section II – Financial Statement Findings**

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None.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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None.

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	El Centro de la Raza	ECR	NBHHA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 2,396,406	\$ 2,677	\$ 133,819	\$ 716	\$ -	\$ -	\$ 2,533,618
Grants and Contracts Receivable	2,130,089	9,229	-	-	-	-	2,139,318
Other Receivables	160,588	20,598	-	-	-	-	181,186
Tenant Security Deposits	-	2,204	6,251	14,078	-	-	22,533
Tenant Receivables	-	-	-	41,607	-	(26,541)	15,066
Prepaid Expenses	19,019	-	1,612	105	-	-	20,736
Due from Affiliated Organizations	78,483	-	21,050	-	-	(99,533)	-
Total Current Assets	<u>4,784,585</u>	<u>34,708</u>	<u>162,732</u>	<u>56,506</u>	<u>-</u>	<u>(126,074)</u>	<u>4,912,457</u>
<b>PROPERTY AND EQUIPMENT</b>							
Land and Improvements	821,225	189,970	211,899	-	-	-	1,223,094
Buildings and Improvements	9,342,796	487,570	3,242,621	6,615,471	-	-	19,688,458
Furniture and Equipment	590,747	-	60,691	193,079	-	-	844,517
Accumulated Depreciation	(4,493,319)	(467,639)	(1,770,357)	(831,579)	-	-	(7,562,894)
Total Property and Equipment	<u>6,261,449</u>	<u>209,901</u>	<u>1,744,854</u>	<u>5,976,971</u>	<u>-</u>	<u>-</u>	<u>14,193,175</u>
<b>OTHER ASSETS</b>							
Reserves and Restricted Deposits	3,517,377	46,647	187,664	87,445	-	-	3,839,133
Contributions Receivable, Long-Term	2,000	-	-	-	-	-	2,000
Accrued Interest Receivable - Related Party	1,122,860	-	-	-	-	-	1,122,860
Notes Receivable - Related Party, Long-Term	3,441,411	-	-	-	-	-	3,441,411
Investment in Limited Liability Companies	2,431,651	-	-	-	499,475	(2,431,651)	499,475
Artwork	413,611	-	-	-	-	-	413,611
Unemployment Trust Fund	177,254	-	-	-	-	-	177,254
Total Other Assets	<u>11,106,164</u>	<u>46,647</u>	<u>187,664</u>	<u>87,445</u>	<u>499,475</u>	<u>(2,431,651)</u>	<u>9,495,744</u>
Total Assets	<u>\$ 22,152,198</u>	<u>\$ 291,256</u>	<u>\$ 2,095,250</u>	<u>\$ 6,120,922</u>	<u>\$ 499,475</u>	<u>\$ (2,557,725)</u>	<u>\$ 28,601,376</u>

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable	\$ 392,568	\$ 1,028	\$ 10,836	\$ 1,536	\$ -	\$ (26,541)	\$ 379,427
Accrued Liabilities	679,748	959	2,515	-	-	-	683,222
Accrued Interest Payable	18,579	-	-	10,445	-	-	29,024
Tenant Deposits	3,305	3,928	6,903	19,840	-	-	33,976
Deferred Rent	9,780	3,452	4,515	-	-	-	17,747
Due to Affiliated Organizations	-	88,301	-	11,232	-	(99,533)	-
Notes Payable, Current	-	-	-	122,567	-	-	122,567
Deferred Tuition Revenue	52,500	-	-	-	-	-	52,500
Total Current Liabilities	<u>1,156,480</u>	<u>97,668</u>	<u>24,769</u>	<u>165,620</u>	<u>-</u>	<u>(126,074)</u>	<u>1,318,463</u>
<b>LONG-TERM LIABILITIES</b>							
Notes Payable Less Unamortized							
Debt Issuance Costs	1,303,069	-	1,661,232	1,737,293	-	-	4,701,594
Deferred Rental Income	-	-	-	2,285,833	-	-	2,285,833
Deferred Loans	1,135,415	84,354	722,260	-	-	-	1,942,029
Deferred Interest	-	10,601	135,878	-	-	-	146,479
Total Long-Term Liabilities	<u>2,438,484</u>	<u>94,955</u>	<u>2,519,370</u>	<u>4,023,126</u>	<u>-</u>	<u>-</u>	<u>9,075,935</u>
Total Liabilities	<u>3,594,964</u>	<u>192,623</u>	<u>2,544,139</u>	<u>4,188,746</u>	<u>-</u>	<u>(126,074)</u>	<u>10,394,398</u>
<b>NET ASSETS</b>							
Without Donor Restrictions:							
Undesignated	14,530,984	98,633	(448,889)	1,932,176	499,475	(2,431,651)	14,180,728
Board-Designated	3,517,377	-	-	-	-	-	3,517,377
Total Without Donor Restrictions	<u>18,048,361</u>	<u>98,633</u>	<u>(448,889)</u>	<u>1,932,176</u>	<u>499,475</u>	<u>(2,431,651)</u>	<u>17,698,105</u>
With Donor Restrictions	508,873	-	-	-	-	-	508,873
Total Net Assets	<u>18,557,234</u>	<u>98,633</u>	<u>(448,889)</u>	<u>1,932,176</u>	<u>499,475</u>	<u>(2,431,651)</u>	<u>18,206,978</u>
Total Liabilities and Net Assets	<u>\$ 22,152,198</u>	<u>\$ 291,256</u>	<u>\$ 2,095,250</u>	<u>\$ 6,120,922</u>	<u>\$ 499,475</u>	<u>\$ (2,557,725)</u>	<u>\$ 28,601,376</u>

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	El Centro de la Raza	ECR	NBHHA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 1,472,255	\$ 741	\$ 114,292	\$ 22,471	\$ -	\$ -	\$ 1,609,759
Grants and Contracts Receivable	1,121,852	7,849	-	-	-	-	1,129,701
Other Receivables	156,318	-	-	48,677	-	-	204,995
Tenant Security Deposits	-	2,203	6,251	14,064	-	-	22,518
Tenant Receivables	-	-	-	26,742	-	(26,041)	701
Prepaid Expenses	27,946	-	1,187	413	-	-	29,546
Due from Affiliated Organizations	94,715	-	-	-	-	(94,715)	-
Total Current Assets	<u>2,873,086</u>	<u>10,793</u>	<u>121,730</u>	<u>112,367</u>	<u>-</u>	<u>(120,756)</u>	<u>2,997,220</u>
<b>PROPERTY AND EQUIPMENT</b>							
Land and Improvements	821,225	189,970	211,899	-	-	-	1,223,094
Buildings and Improvements	9,208,051	487,569	3,240,903	6,615,471	-	-	19,551,994
Furniture and Equipment	614,546	-	60,691	193,079	-	-	868,316
Accumulated Depreciation	(4,004,152)	(469,433)	(1,687,349)	(717,233)	-	-	(6,878,167)
Total Property and Equipment	<u>6,639,670</u>	<u>208,106</u>	<u>1,826,144</u>	<u>6,091,317</u>	<u>-</u>	<u>-</u>	<u>14,765,237</u>
<b>OTHER ASSETS</b>							
Reserves and Restricted Deposits	2,773,051	42,641	167,640	76,486	-	-	3,059,818
Contributions Receivable, Long-Term	3,339	-	-	-	-	-	3,339
Accrued Interest Receivable - Related Party	951,979	-	-	-	-	-	951,979
Notes Receivable - Related Party, Long-Term	3,441,411	-	-	-	-	-	3,441,411
Investment in Limited Liability Companies	2,412,886	-	-	-	499,578	(2,412,886)	499,578
Artwork	413,611	-	-	-	-	-	413,611
Unemployment Trust Fund	157,038	-	-	-	-	-	157,038
Total Other Assets	<u>10,153,315</u>	<u>42,641</u>	<u>167,640</u>	<u>76,486</u>	<u>499,578</u>	<u>(2,412,886)</u>	<u>8,526,774</u>
Total Assets	<u>\$ 19,666,071</u>	<u>\$ 261,540</u>	<u>\$ 2,115,514</u>	<u>\$ 6,280,170</u>	<u>\$ 499,578</u>	<u>\$ (2,533,642)</u>	<u>\$ 26,289,231</u>

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2019**  
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Accounts Payable	\$ 206,839	\$ 5,003	\$ 8,414	\$ 8,658	\$ -	\$ (26,042)	\$ 202,872
Accrued Liabilities	687,593	1,513	561	-	-	-	689,667
Accrued Interest Payable	-	-	-	10,445	-	-	10,445
Tenant Deposits	2,331	3,928	6,903	18,206	-	-	31,368
Deferred Rent	940	3,452	4,515	24,700	-	-	33,607
Due to Affiliated Organizations	-	65,937	2,737	26,040	-	(94,714)	-
Notes Payable, Current	-	-	-	124,396	-	-	124,396
Deferred Tuition Revenue	26,763	-	-	-	-	-	26,763
Total Current Liabilities	<u>924,466</u>	<u>79,833</u>	<u>23,130</u>	<u>212,445</u>	<u>-</u>	<u>(120,756)</u>	<u>1,119,118</u>
<b>LONG-TERM LIABILITIES</b>							
Notes Payable Less Unamortized							
Debt Issuance Costs	-	-	1,661,232	1,761,084	-	-	3,422,316
Deferred Rental Income	-	-	-	2,393,333	-	-	2,393,333
Deferred Loans	1,135,415	84,354	722,260	-	-	-	1,942,029
Deferred Interest	-	11,225	125,148	-	-	-	136,373
Total Long-Term Liabilities	<u>1,135,415</u>	<u>95,579</u>	<u>2,508,640</u>	<u>4,154,417</u>	<u>-</u>	<u>-</u>	<u>7,894,051</u>
Total Liabilities	<u>2,059,881</u>	<u>175,412</u>	<u>2,531,770</u>	<u>4,366,862</u>	<u>-</u>	<u>(120,756)</u>	<u>9,013,169</u>
<b>NET ASSETS</b>							
Without Donor Restrictions:							
Undesignated	14,271,147	86,128	(416,256)	1,913,308	499,578	(2,412,886)	13,941,019
Board-Designated	2,773,051	-	-	-	-	-	2,773,051
Total Without Donor Restrictions	<u>17,044,198</u>	<u>86,128</u>	<u>(416,256)</u>	<u>1,913,308</u>	<u>499,578</u>	<u>(2,412,886)</u>	<u>16,714,070</u>
With Donor Restrictions							
Total Net Assets	<u>561,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,992</u>
Total Net Assets	<u>17,606,190</u>	<u>86,128</u>	<u>(416,256)</u>	<u>1,913,308</u>	<u>499,578</u>	<u>(2,412,886)</u>	<u>17,276,062</u>
Total Liabilities and Net Assets	<u>\$ 19,666,071</u>	<u>\$ 261,540</u>	<u>\$ 2,115,514</u>	<u>\$ 6,280,170</u>	<u>\$ 499,578</u>	<u>\$ (2,533,642)</u>	<u>\$ 26,289,231</u>

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>REVENUES AND GAINS</b>							
In-Kind Donations	\$ 452,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452,534
Contributions and Grants	3,729,242	-	-	-	-	-	3,729,242
Contracts and Grants - Government	5,730,193	27,106	42,783	-	-	-	5,800,082
United Way	479,732	-	-	-	-	-	479,732
Child Care Tuition	2,356,624	-	-	-	-	-	2,356,624
Rental Income	139,696	32,738	115,159	369,093	-	(159,252)	497,434
Realized Gain (Loss) on Investments	33,297	-	-	-	(103)	(18,765)	14,429
Special Event Revenue of \$250,558, Net of Expense of \$59,605	190,953	-	-	-	-	-	190,953
Tenant Charges	-	-	11,410	-	-	-	11,410
Interest Income	200,503	-	24	973	-	-	201,500
Management Fees	33,049	-	-	-	-	(21,413)	11,636
Forgiven Debt	-	624	-	-	-	-	624
Other Revenue	499,008	12,100	-	19,028	-	-	530,136
Total Revenues and Gains	13,844,831	72,568	169,376	389,094	(103)	(199,430)	14,276,336

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)**  
**DECEMBER 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>EXPENSES AND LOSSES</b>							
Program Services:							
Child Development Center	\$ 4,298,790	\$ -	\$ -	\$ -	\$ -	\$ (159,252)	\$ 4,139,538
Food Bank, Referral, Advocacy, and Counseling	2,566,529	-	-	-	-	-	2,566,529
Home Ownership Education	663,462	-	-	-	-	-	663,462
Home Visits	982,347	-	-	-	-	-	982,347
Other Projects	1,935,366	-	-	-	-	-	1,935,366
Roberto Maestas Plaza	30,814	-	-	-	-	-	30,814
ECR Housing	-	60,063	-	-	-	(5,252)	54,811
NBHHIA Housing	-	-	202,009	-	-	(16,161)	185,848
Supporting Services:							
Management and General	1,558,567	-	-	-	-	-	1,558,567
Fundraising	566,753	-	-	-	-	-	566,753
Rental of Excess Capacity	291,159	-	-	-	-	-	291,159
ECDLR Community Development	-	-	-	370,226	-	-	370,226
Total Expenses and Losses	<u>12,893,787</u>	<u>60,063</u>	<u>202,009</u>	<u>370,226</u>	<u>-</u>	<u>(180,665)</u>	<u>13,345,420</u>
<b>CHANGE IN NET ASSETS</b>	951,044	12,505	(32,633)	18,868	(103)	(18,765)	930,916
Net Assets - Beginning of Year	<u>17,606,190</u>	<u>86,128</u>	<u>(416,256)</u>	<u>1,913,308</u>	<u>499,578</u>	<u>(2,412,886)</u>	<u>17,276,062</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,557,234</u>	<u>\$ 98,633</u>	<u>\$ (448,889)</u>	<u>\$ 1,932,176</u>	<u>\$ 499,475</u>	<u>\$ (2,431,651)</u>	<u>\$ 18,206,978</u>

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**DECEMBER 31, 2019**  
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>REVENUES AND GAINS</b>							
In-Kind Donations	\$ 661,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661,244
Contributions and Grants	1,205,520	-	-	125	-	-	1,205,645
Contracts and Grants - Government	5,528,278	27,892	-	13,666	-	-	5,569,836
United Way	457,463	-	-	-	-	-	457,463
Child Care Tuition	3,003,434	-	-	-	-	-	3,003,434
Rental Income	254,387	36,755	146,406	471,565	-	(159,252)	749,861
Realized Gain (Loss) on Investments	(18,300)	-	-	-	(104)	35,761	17,357
Special Event Revenue of \$358,737, Net of Expense of \$178,370	180,367	-	-	-	-	-	180,367
Tenant Charges	-	-	5,680	-	-	-	5,680
Interest Income	203,627	-	44	31	-	-	203,702
Management Fees	21,582	-	-	-	-	(6,672)	14,910
Forgiven Debt	-	624	-	-	-	-	624
Other Revenue	213,575	328	-	15,851	-	-	229,754
Total Revenues and Gains	11,711,177	65,599	152,130	501,238	(104)	(130,163)	12,299,877

**EL CENTRO DE LA RAZA AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)**  
**DECEMBER 31, 2019**  
(SEE INDEPENDENT AUDITORS' REPORT)

	El Centro de la Raza	ECR	NBHHIA	ECDLR Community Development LLC	PRM Manager LLC	Eliminations	Total
<b>EXPENSES AND LOSSES</b>							
Program Services:							
Child Development Center	\$ 4,006,803	\$ -	\$ -	\$ -	\$ -	\$ (159,252)	\$ 3,847,551
Food Bank, Referral, Advocacy, and Counseling	2,146,944	-	-	-	-	-	2,146,944
Home Ownership Education	337,221	-	-	-	-	-	337,221
Home Visits	951,896	-	-	-	-	-	951,896
Other Projects	170,639	-	-	-	-	-	170,639
Roberto Maestas Plaza	165,875	-	-	-	-	-	165,875
ECR Housing	-	78,754	-	-	-	(3,980)	74,774
NBHHIA Housing	-	-	218,425	-	-	(2,692)	215,733
Supporting Services:							
Management and General	1,292,448	-	-	-	-	-	1,292,448
Fundraising	487,049	-	-	-	-	-	487,049
Rental of Excess Capacity	216,143	-	-	-	-	-	216,143
ECDLR Community Development	-	-	-	536,895	-	-	536,895
Total Expenses and Losses	<u>9,775,018</u>	<u>78,754</u>	<u>218,425</u>	<u>536,895</u>	<u>-</u>	<u>(165,924)</u>	<u>10,443,168</u>
<b>CHANGE IN NET ASSETS</b>	1,936,159	(13,155)	(66,295)	(35,657)	(104)	35,761	1,856,709
Net Assets - Beginning of Year	<u>15,670,031</u>	<u>99,283</u>	<u>(349,961)</u>	<u>1,948,965</u>	<u>499,682</u>	<u>(2,448,647)</u>	<u>15,419,353</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 17,606,190</u>	<u>\$ 86,128</u>	<u>\$ (416,256)</u>	<u>\$ 1,913,308</u>	<u>\$ 499,578</u>	<u>\$ (2,412,886)</u>	<u>\$ 17,276,062</u>

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